

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 NRC-05 ACDA-05 IO-10 ERDE-00 PA-01 PRS-01 /108 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 0997

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PASS EB/ORF/FSE: R. MARTIN OR D. WILSON

E.O. 11652: N/A

TAGS: ENRG, IT, US

SUBJECT: US-ITALY BILATERAL ENERGY WORKING GROUP (EWG)

REF: A. FURNESS/MARTIN TELCON 5/6

B. FURNESS/WILSON TELCON 5/7

1. POINTS RAISED DURING REFTELECON (A) (SEE 2-8 BELOW) WERE DISCUSSED WITH MFA ENERGY OFFICE DIRECTOR COSTA MAY 8. DETAILS ON GOI POSITION NOT COMPLETELY AVAILABLE DUE LACK OF COORDINATED POSITION WITH OTHER GOI AGENCIES TO BE RESOLVED AT MEETING SCHEDULED FRIDAY, MAY 9. NEVERTHELESS:

2. FINANCING: EXTRAORDINARY FINANCING FACILITY APPEARS AIMED AT LEVELS BEYOND EXIM "NORMAL" CONSIDERATIONS. EXACT SCOPE NOT DEFINED, BUT IT SEEMS TO REFER TO ANY FINANCING FACILITIES BEYOND THAT WHICH GOI CAN REASONABLY EXPECT IN NORMAL COURSE OF BUSINESS, GIVEN PRESENT ECONOMIC AND POLITICAL SITUATION.

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3. FINANCING - ENEL: SEE ROME 6626

4. ENI PRESENCE: COSTA INDICATED UNDERSTANDING OF OUR CONCERN RE ENI PRESENCE DURING GENERAL DISCUSSION PERIOD, BUT EMPHASIZED ROLE OF ENI AS TECHNICAL CONSULTANT TO MFA AND OTHER GOI AGENCIES. ENI, OF COURSE, PLAYS IMPORTANT ROLE IN NUCLEAR FUEL CYCLE SUPPLIES. AS WELL, ELIMINATION OF ENI (AND OTHER SPECIALIZED AGENCIES) WOULD CREATE PROTOCOL PROBLEM WHICH GOI DELEGATION WOULD PREFER TO AVOID. IF US DEWISHES TO RAISE POINTS APART FROM TECHNICAL AGENCIES, COSTA SUGGESTED THAT SCHEDULE COULD PERMIT PRIVATE, INFORMAL MEETING WITH MINISTERIAL REPRESENTATIVES. WE SEE OTHER ALTERNATIVES, SUCH AS DEEPER EXAMINATION TECHNICAL POINTS WITH US SPECIALISTS WHILE MINISTERIAL REPS REVIEW BROADER POINTS ELSEWHERE. BUT ON BALANCE, WE BELIEVE EFFORT SHOULD BE MADE TO INCLUDE TECHNICAL AGENCIES TO EXTENT POSSIBLE DUE THEIR IMPORTANCE DOMESTIC ITALIAN ENERGY PLANNING. FYI: ENI, ENEL AND CNEN NOT PRESENT DURING INITIAL ENDERS VISIT DUE MFA DESIRE TO REDUCE SIZE GOI DELEGATION, NOT DUE SUBSTANTIVE REASONS. END FYI.

5. NUCLEAR MATERIAL EXPORT LICENSING: THIS HAS BEEN CAUSE OF SOME GOI CONCERN, WHICH STEMMED LARGELY FROM NEWSPAPER REPORTS AND PAUCITY (SINCE PARTIALLY RECTIFIED) OF INFORMATION AVAILABLE TO CORRECT MISTAKEN IMPRESSIONS. WHILE CONCERNS BY NO MEANS DISPELLED, COSTA NOTED US-EC DISCUSSIONS DIMINISH PROBABILITY SUBJECT WILL BE RAISED IN EWG CONTEXT. WE EXPECT TO KNOW MORE ON FRIDAY.

6. TECHNOLOGY TRANSFER: DONAT-CATTIN BRIEFING PAPER (ROME A-155, APRIL 2, 1975) PROBABLY BEST CLUE TO GOI INTENTIONS THIS AREA. BUT PROBLEM IS NOT ENTIRELY MATTER OF ROYALTY AND LICENSING ARRANGEMENTS BETWEEN ITALIAN LICENSEES OF GE AND WESTINGHOUSE, WHO STAND TO BE MAJOR (IF NOT SOLE) SUPPLIERS UNDER CURRENT GOI NUCLEAR CONSTRUCTION PROGRAM. GOI ALSO UNHAPPY WITH SOME PROVISIONS ERDA ENRICHMENT CONTRACTS, AND WIT WHAT GOI CLAIMS IS ERDA UNWILLINGNESS TO PROVIDE ADEQUATE TECHNICAL ASSISTANCE ON COMBUSTION AND LOADING TECHNIQUES.

7. NUCLEAR OPERATING EXPERIENCE: SCOPE OF ITALIAN NUCLEAR LIMITED OFFICIAL USE

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PROGRAM OWES MORE TO LACK OF VIABLE ENERGY ALTERNATIVES THAN ANY CONVICTION RE BENEFITS OF NUCLEAR ENERGY. THUS LACKING OPERATING EXPERIENCE WITH NUCLEAR POWERPLANTS, ITALIANS INTENSELY INTERESTED IN SHARING US OPERATING RESULTS: COST, UTILIZATION RATES, SAFETY PRECAUTIONS, ETC. NATURALLY, THIS DATA WOULD BE OF CONSIDERABLE VALUE IN ENABLING GOI TO FORM REALISTIC EVALUATION OF ADEQUACY AND FEASIBILITY CURRENT NUCLEAR PROGRAM.

8. BANK OF ITALY PARTICIPANT: DOTT. VITTORIO BARRATTIERI,
SPECIAL ASSISTANT FOR INTERNATIONAL AFFAIRS, ALTHOUGH AN EM-
PLOYEE OF BOI WILL BE REPRESENTING MIN TREASURY IN LIEU OF
TREASURY D-G PALOMBO. VOLPE

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